

September 30, 2013

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Connect America Fund, WC Docket Nos. 10-90, 05-337
– Notice of Ex Parte Communication

Dear Ms. Dortch:

On Thursday, September 26, 2013, Leonard Steinberg of Alaska Communications Systems (“ACS”) and I met with Priscilla Argeris, Legal Advisor to Commissioner Rosenworcel, and Nicholas Degani, Legal Advisor to Commissioner Pai, to discuss the timing and latest illustrative results for Phase II Connect America Fund (“CAF”) support under the forward-looking cost-based model under development by the Wireline Competition Bureau (the “CAM”).

ACS observed that it has participated fully, constructively and responsively at every stage of this proceeding, as illustrated by the enclosed list of ACS pleadings and FCC meetings concerning CAF Phase II. ACS has filed several Alaska-specific proposals and modified its proposals in response to input from the Bureau and the industry. ACS has responded to questions from the Bureau and provided voluminous data describing the forward-looking costs associated with broadband deployment in Alaska, as well as the geography, soil conditions, power and transportation constraints, construction limitations, and the unique presence of a federally-subsidized, wireline competitor in most of ACS’s territory.

ACS is concerned that, while the Bureau has attempted to incorporate into the CAM some Alaska-specific details to account for the unique circumstances that ACS faces in serving Alaska consumers, the CAM does not yet accurately reflect forward-looking costs at the granular level the Commission intended in the *USF-ICC Transformation Order*. Until the Bureau includes all of the Alaska-specific changes advocated by ACS in its recent proposals, the CAM will not provide sufficient support to allow ACS to offer reliable voice and advanced broadband services in its Alaska price cap territories.

Moreover, while implementation of CAF Phase II appears unlikely in the first part of 2014, other aspects of the *USF-ICC Transformation Order* continue to take effect, including

access charge reductions and the increasing obligations to demonstrate dedication of “frozen” Phase I CAF support toward broadband deployment in specified census blocks under Section 54.313(c) of the Commission’s rules – one-third of total frozen CAF I support in 2013, and two-thirds in 2014 unless CAF II promptly takes effect. Clearly, the ambitious timetable for CAF II implementation has not been achieved as initially envisioned in the *USF-ICC Transformation Order*, and the Commission must take action to address the disparity between the requirements of its rules and the reality in price cap markets.¹

ACS urges adoption of a CAF Phase II model that will meet the Commission’s universal service goals, including ensuring that Alaska consumers retain essential voice services and have greater access to high-speed broadband service. The model must account for the unique circumstances and higher costs of providing service in Alaska. And critical timing issues arising out of the extension of Phase I and implementation of Phase II should be immediately addressed.

The enclosed slides were distributed in the subject meetings. Please direct any questions concerning this filing to me.

Very truly yours,

Karen Brinkmann
Counsel for ACS

Enclosures

cc: Priscilla Argeris
Nicholas Degani

¹ ACS is among several price cap carriers that have sought relief from the one-third frozen CAF I broadband spending obligation for 2013 and two-thirds obligation for 2014. *See* Public Notice, *Wireline Competition Bureau Seeks Comment On Alaska Communications Systems Petition for Waiver of Certain High-Cost Universal Service Rules*, WC Docket Nos. 10-90 and 05-337, DA 13-700 (WCB rel. April 11, 2013). *See also* Public Notice, *Wireline Competition Bureau Seeks Comment On FairPoint Communications, Inc. Petition For Waiver of Certain High-Cost Universal Service Rules*, WC Docket Nos. 10-90 and 05-337, DA 13-213 (WCB rel. Feb. 14, 2013).